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LOCAL TAXATION EXEMPTION

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LOCAL TAXATION EXEMPTION.

Assembly Constitutional Amendment 7 adding section 8½ to article XIII of constitution.

Authorizes any county or municipality to exempt from taxation for local purposes in whole or part, any one or more of following classes of property: improvements in, on, or over land; shipping; household furniture; live stock; merchandise; machinery; tools; farming implements; vehicles; other personal property except franchises; provides that ordinance or resolution making such exemptions shall be subject to referendum; and requires that taxes upon property not exempt from taxation shall be uniform.

Assembly Constitutional Amendment No. 7, a resolution to propose to the people of the State of California an amendment to the Constitution of the State of California by adding a new section to article XIII, relating to revenue and taxation.

The legislature of the State of California at its fortieth regular session commencing on the sixth day of January, nineteen hundred and thirteen, two thirds of all members of each house of said legislature voting in favor thereof, hereby propose an amendment to the Constitution of the State of California, by adding to article XIII a new section.

Section 1. Article XIII, of the Constitution of the State of California, is hereby amended by adding thereto a new section to be numbered eight and one half, to read as follows:

Section 8½. Any county, city and county, city or town, may exempt from taxation for local purposes in whole or in part, any one or more of the following classes of property: improvements in, on, or over land; shipping; household furniture; live stock; merchandise; machinery; tools; farming implements; vehicles; other personal property except franchises. Any ordinance or resolution of any county, city and county, city or town, exempting property from taxation, as in this section provided, shall be subject to a referendum vote as by law provided for ordinances or resolutions. Taxes levied upon property not exempt from taxation shall be uniform.

ARGUMENTS IN FAVOR OF ASSEMBLY CONSTITUTIONAL AMENDMENT NO 7.

Any one who opposes this amendment immediately places the people of the State of California in the position of being unable to govern themselves. In other words, the opponents are opposed to self-government.

The amendment is merely an enabling act, and does not, of itself, adopt any system of taxation, nor does it make any change in the present systems now in use. It merely gives to the people of the various political subdivisions, set forth therein, the right to change their present system of taxation to best suit the welfare and advancement of their home city or town. For example, if a city wants to encourage manufacturing, that city could exempt manufacturing establishments from taxation. If a city would have more homes built within its borders, houses could be exempted. And so certain property might be exempt as the nature of each case required. This is what is called Home Rule in Taxation or self-government.

Cities now having the right to say how their money shall be spent should, by the same reasoning be entitled to adopt a system whereby that money is to be raised. The constitution has recently given to cities home rule by virtue of the initiative, referendum and recall, and it is only logical that cities should have home rule in matters pertaining to their tax system.

The present system of taxation is unjust, burdensome, complicated and costly. The taxpayer is compelled to pay a great number of deputies each year to assess all forms of property, including household furniture, gifts and other per-

sonal property. Thus are cities confronted with a complicated system. If, for example, in a given city the tax should be raised on the land alone, thus exempting other forms of property, it would immediately lessen the cost of assessment and would encourage building, thrift and enterprise. For, it being no longer necessary to be punished for being thrifty, people would naturally bring into use land now held out of use. Where land is held out of use, for speculative purposes, by the land barons of the state, society suffers. If men realize, by virtue of a perfect system of taxation, that it will not pay them to keep land out of use, they will immediately begin to improve the land with the result that more buildings will be erected, more mechanics, artisans and laborers will be employed, a greater demand for labor will ensue and an increase in wages will result. Consequently, the whole of society will be benefited, and a better, grander and more moral order of things will result.

Colorado has adopted a similar amendment, and the city of Pueblo in that state is working under it to its fullest extent. Vancouver and other provinces of Western Canada have adopted it, and there is no noticeable desire to return to the old system of taxation. The Minnesota Tax Commission has recently recommended it, as well as the Commission on New Sources of City Revenue, city of New York.

GEORGE GELDER,
Assemblyman Fortieth District.

The general property tax for state purposes was so unsatisfactory that California abandoned it four years ago by separating state and local taxation. The general property tax for local purposes is unsatisfactory in California, as well as in other states that have separated state and local taxation.

The personal property tax is unsatisfactory wherever it is in force. It has been abandoned in Pennsylvania, and outside of the United States by every progressive nation. It is condemned by every thoughtful student of taxation as the easiest tax to evade, as incapable of equitable enforcement, and as unjust. The only way to get rid of it in California is by amending the constitution.

Assembly Constitutional Amendment No. 7, known as the Home Rule Tax Amendment, gives California counties, cities and towns the opportunity to abandon the personal property tax wholly or in part, at once or gradually, if they wish to do so, but does not compel its abolition if a county, city or town wishes to retain it.

There is a widespread and growing belief that taxes on improvements work injustice to the improver, operating to discourage improvements, although improvements benefit a community.

Some counties, cities and towns may prefer to abolish taxes on improvements; others may prefer to retain the improvement taxes. One county, city or town has no interest in the method by which another raises its local revenue, therefore, uniformity is not desirable, but merely interferes with progress. But a constitutional amendment is necessary to permit counties, cities and towns to tax or exempt improvements, as

they may prefer, and the Home Rule Tax Amendment gives that permission, without compelling them either to exempt or to tax improvements.

Home rule in taxation is merely an extension of the other home rule rights given by the California constitution to counties, cities and towns. Home rule in taxation is not an "untried experiment." It has been in force in the western provinces of Canada for more than thirty years, in New Zealand for twenty years, in the Australian states for fifteen years, and in the irrigation districts of California since 1909. The Minnesota Tax Commission praises its operation in western Canada.

The Home Rule Tax Amendment will enable each county, city and town to adopt a system of taxation that suits the people of the community, without regard to what is done by the people of other communities. Riverside county has no interest in local taxation in Shasta or any other county. Los Angeles has no interest in the local taxation of Stockton.

The Home Rule Tax Amendment will permit any county, city or town to exempt in whole or in part certain classes of property. Should all of these classes of property be exempted by any county, city or town, it would then have the system of taxation that has been so successful in hundreds of cities, towns and rural communities in Canada, Australia and New Zealand, as well as in the Modesto, Oakdale and other irrigation districts of California.

For these reasons the Home Rule Tax Amendment should be approved.

GEO. B. FINNEGAN,
Assemblyman Ninth District.

ARGUMENT AGAINST ASSEMBLY CONSTITUTIONAL AMENDMENT NO. 7.

If the proposed amendment to article XIII of the constitution is adopted, it will create a new revenue system, and will make possible a more unequal system of taxation than now prevails.

The theory of taxation is that it should be equal, and all classes of property should be subject to just and equal taxation, and every tax system should be statewide.

This amendment will authorize local governing bodies to alter any tax system now or hereafter existing.

It gives them the right to exempt certain classes of property from taxation either in whole or in part, thus creating an unsettled value for such property.

One set of officers could exempt from taxation property that their successors in office would include for such taxable purposes, thereby creating endless confusion.

Classes of property included in this amendment would be of different value in adjoining territories.

Under this provision the city of Oakland could exempt merchandise from certain taxes, which would compel the cities of San Francisco and Berkeley to exempt the same classes of property from such taxes, or the merchants of the latter two named cities, other things being equal, could not compete with the merchants of the former on an equal basis.

Under this provision, improvements of all kinds can be exempted from taxation in the county of San Francisco, which would compel adjoining counties to do likewise, or investors would be induced to improve only in counties that exempt improvements from taxation. Individuals or corporations locating factory or mercantile sites would locate in the counties where taxes were the lightest, thus inducing local officials to exempt such property from taxation in order to secure such sites, to the detriment and expense of other classes of property.

This amendment would make it possible for all cash in banks or bills receivable to be exempted from taxation.

It provides that a person could own vast numbers of live stock, as some of our citizens do, and not pay a cent of certain local taxes on that kind of property.

If this amendment is adopted it will tend to create dissension on the question of taxation. It will create strife between owners of different classes of property, and will not only make vicious local legislation possible, but will induce such legislation. It will assist the professional tax dodger.

A similar amendment to this one was submitted to the voters of the state two years ago and was overwhelmingly defeated.

W. F. CHANDLER,
Assemblyman Fiftieth District.

ELECTIONS BY PLURALITY, PREFERENTIAL VOTE AND PRIMARY.

Assembly Constitutional Amendment 19 amending section 13 of article XX of constitution.

Declares plurality of votes at any primary or election constitutes choice unless constitution otherwise provides; permits charters framed under constitution for counties or municipalities and general laws for other counties and municipalities to provide otherwise, or for nomination or election, or both, of all or any portion of candidates at a primary, or for preferential system of voting at any county or municipal primary or other election; authorizes general laws providing preferential system of voting at any other primary.

Assembly Constitutional Amendment No. 19, a resolution to propose to the people of the State of California an amendment to the Constitution of the State of California by amending section 13 of article XX, relating to elections.

The legislature of the State of California, at its fortieth regular session, commencing the sixth day of January, nineteen hundred and thirteen, two thirds of all the members elected to each of the two houses of said legislature voting in favor thereof, hereby proposes that section thirteen of article twenty of the Constitution of the State of California be amended to read as follows:

PROPOSED LAW.

Section 13. Where not otherwise directed in this constitution, a plurality of the votes given

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at any primary or other election shall constitute a choice, including nomination for and election to office; provided, that it may also be otherwise directed in charters framed under the authority of this constitution for cities, counties or cities and counties and by general laws for other counties and municipalities. Provision may be made in such charters, and by general laws in the case of other counties and municipalities, for either or both nomination for and election to office at a primary election of all or any portion of the candidates voted for at such primary election and for a preferential system of voting at any county, city and county, or municipal primary or other election. Provision for a preferential system of voting at any other primary election may also be made by general laws.